

Motivation

This PETS tracked public spending through a highly complicated bureaucracy to generate a full diagnostic report on public spending in the education sector. It detailed how non-governmental sources were stepping in to serve schools' needs in a system where state funding was not meeting them. The study was particularly useful for exposing administrative disarray in the education system, suggesting that performance can be improved through clearer criteria and more transparency in the resource allocation, and through improved human resource management.

Objectives

- To quantify weaknesses of the budget execution system in the education sector both in Lima and Callao and at the regional level

- To analyze governmental mechanisms for budgeting, allocation, assignment and transfer of funds at the central government level (i.e. analysis of the methods and characteristics of the resource transfer process, especially the transfers related to goods and services and payrolls)

- To assess the impact of the deficiencies in resource social transfers processes on service quality.

Main findings

Budget disbursement process is quite transparent in the education sector due to the SIAF system. Considerable portion of resources available for schools goes towards the payment of public utilities leaving scant resources for the purchase of goods, i.e. teaching materials. Considerable leakages are associated with the payment of public utilities. Only 44% of Implementing Units pay the utilities of all the schools within their jurisdiction, yet 20% of them report SIAF (system of integrated financial Administration) budget numbers for that specific expense category.

Leakage

30% (utilities)

Leakage of funds for public utilities payments (fraction of schools which report to not have their utilities paid for yet for which the Implementing Unit (IU) claims to make payment): Electricity: average leakage is 25% (Dec. 01) and 39% (March 02), Ancash is a source of considerable leakage in both electricity and water: 78% & 73%. Water: average leakage is 30% (Dec. 01) and 23% (March 02) - Ancash (80 & 80%).

Leakage in consumption goods transfers (4 most frequently distributed goods in each IU selected, amounts the school director reported received and the amount the IU reported to have transferred compared to yield a single leakage at the IU level): average leakage 2.5% (4.75% in rural schools and 1.45% in urban schools).

Causes: There is anecdotal evidence of schools reselling goods; in some schools transportation costs exceed the value of goods and they are not picked up; frequent source of leakage of goods and services expenditures is through per diem and meals expense categories.

Ghost workers

% of schools whose personnel records match the IU's: primary school: 44.9%; total personnel: 40.5%.

Causes: 'animators' in out-of-schools initial education programs (in pre-primary programs there are no official teachers but there are 'animators' which are not on official payroll); no records of current personnel; overestimation of the number of personnel by the school (average 33%). Ministry of Education and CTAR (Regional Administrative Councils) budget sheets allow registration of personnel in IUs who do not necessarily work in schools; hiring procedures are not transparent; temporary workers are paid by checks, which can be picked up by principals and delivered to teachers at the school for signature. School personnel who sign the payroll: 94% total (Lima 100%; other regions 92%), but different signing methods exist. In some cases, not signing payroll did not prevent collection of wages. In 3% of schools the principal signed the payroll on behalf of all school workers -thus, not possible to know if personnel actually works at the school and collects wages there.

Sample

100 primary schools

Sample design

100 schools (25 IUs, 4 schools including 2 urban and 2 rural); 5 CTARs of the 7 departments (national scope); stratification according to size and geographic location (based on annual budget of the 81 implementing units for the Primary Education program in 2001); 3 groups: small, medium and large; geographic consideration: 7 departments to represent the 3 main regions and a balanced mix of poor, less poor and not poor departments. 39 eligible implementing units within 7 departments identified. The size of the individual strata was selected to create a self-weighted sample -25 implementing units (19 small, 4 medium, 2 large); 4 schools from each of the IUs jurisdiction (additionally each sample included 2 urban and 2 rural school for each IU -in total 55 urban schools, and 45 rural).

Contact

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Main report

Instituto Apoyo (2002) "Public Expenditure Tracking Survey: The Education Sector in Peru," September 25.